



**Lewes District Council**

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## **Audit and Standards Committee**

**Minutes** of a meeting of the **Audit and Standards Committee** held in the **Telscombe Room, Southover House, Southover Road, Lewes** on **Monday, 22 June 2015** at 3.30pm

**Present:**

Councillors N Enever, S Gauntlett, I Linington, A Loraine, R Robertson and T Rowell.

**Officers Present:**

M Frost, Committee Officer  
D Heath, Head of Audit, Fraud and Procurement  
S Jump, Head of Finance

**Also Present:**

R Grant, BDO

### **Minutes**

**1 Election of Chair for the duration of the Meeting**

**Action**

Resolved:

**1.1** That Councillor S Gauntlett be elected Chair for the duration of the meeting.

**2 Recommendations of the Audit and Standards Committee - 16 March 2015**

The recommendations of those members of the Audit and Standards Committee who were present at the meeting held on 16 March 2015, as set out in Minutes 42-48, were agreed.

**3 Minutes**

The Minutes of the meeting held on 16 March 2015 were approved as a correct record and signed by the Chair .

**4 Apologies for Absence**

Apologies for absence were received from Councillors M Chartier and B Giles.

## 5 Remit of the Audit and Standards Committee

The Committee received the remit of the Audit and Standards Committee.

### Resolved:

- 5.1 That the remit of the Audit and Standards Committee be noted.

## 6 Standards Training 13 and 20 May 2015

The Committee noted that on 13 and 20 May 2015 Councillors were offered and received standards training from Lewes District Council's Legal Department relating to ethics and the Code of Conduct as part of the induction programme following the Election.

### Resolved:

- 6.1 That the following Councillors undertook the standards training:

Councillors W Botting, J Carr, J Carter, S Catlin, D Cooper, N Enever, B Giles, O Honeyman, I Lington, A Loraine, S Murray, D Neave, J Peterson, T Rowell and R Turner.

## 7 Annual Report on the work of the Audit and Standards Committee 2014-15

The Committee considered Report No 73/15 relating to the Annual report on the work of the Audit and Standards Committee 2014/15.

In response to a query from Councillor Rowell, the Head of Audit, Fraud and Procurement informed Councillors that the Chair of this Committee was elected from a non-Cabinet Member of the Minority Groups.

### Resolved:

- 7.1 That Report No 73/15 be approved;
- 7.2 That the conclusions on the effectiveness of Internal Audit be endorsed;
- 7.3 That the opinion on the Council's Internal Control Environment, Assurance Framework, and Risk Management Framework be endorsed;
- 7.4 That the Committee has discharged all of the duties outlined in the remit of the Audit and Standards Committee at paragraph 3 and has complied with the Terms of Reference as set out in paragraph 19 of Report No 73/15 be noted; and
- 7.5 That former Councillor I Eiloart be thanked for his work as Chair of the Committee since May 2009.

## **8 Annual Report on Internal Audit Performance and Effectiveness 2014-15**

The Committee considered Report No 74/15 which detailed the Annual report on Internal Audit Performance and Effectiveness 2014/15.

The Head of Audit, Fraud and Procurement informed the Committee that in the future he would be providing some training for the Committee members to assist them in their roles on the Audit and Standards Committee.

The Head of Audit, Fraud and Procurement reassured the Committee that the overall number of days on audits had only exceeded the target due to a major investigation which had taken place concerning the Constitutional Club at Seaford.

### Resolved:

- 8.1** That the Internal Audit coverage in 2014/15 has been sufficient to enable the Head of Audit, Fraud and Procurement (HAFP) to issue an unqualified opinion on the overall adequacy and effectiveness of the Council's control environment be noted; and
- 8.2** That the satisfactory outcome of the review of the effectiveness of Internal Audit for 2014/15 be noted.

## **9 Interim Report on the Council's Systems of Internal Control 2015-16**

The Committee considered Report No 75/15 relating to the Internal Audit work on the adequacy and effectiveness of the Council's systems of internal control during the first two months of 2015 and which summarised the work on which that opinion was based.

The Internal Audit function at the Council operated in accordance with the common set of Public Sector Internal Audit Standards (PSIAS).

The Head of Audit, Fraud and Procurement's satisfactory opinion on the overall standards of internal control was based on the work of the Internal Audit, the Council's external auditors, BDO, and the Council's work on risk management. In the two months since the start of the financial year there had been nothing to cause that opinion to change and there had been no instances in which internal control issues had created significant risks for Council activities or services.

Paragraph 7.3 of the Report related to the Investigation Team and confirmed that it would maintain its membership of the East Sussex Fraud Officers Group and the Sussex Tenancy Fraud Forum. These bodies enabled information sharing and joint initiatives with neighbouring

authorities on a wide range of counter fraud work.

Paragraph 7.5 informed the Committee that eight suspected cases of tenancy fraud had been investigated. Two properties had been returned to the housing stock as a result of successful investigations.

The Internal Audit function at the Council previously operated in accordance with the Code of Practice for Internal Audit published by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA had, with the other governing bodies that set auditing standards for the various parts of the public sector, adopted a common set of Public Sector Internal Audit Standards (PSIAS) that applied from 1 April 2014.

Paragraphs 4.3 to 4.11 summarised the main functional areas reviewed and the key audits undertaken by Internal Audit during the first two months of 2015/16.

Appendix A of the Report contained the Statement of Internal Audit work and key issues arising from individual pieces of audit work.

Resolved:

- 9.1 That it be noted that the overall standards of internal control during the first two months of 2015/16, as shown in Section 3 of the Interim Report No 75/15 were satisfactory.
- 9.2 The Investigation's Team be thanked by the Committee for their work particularly in relation to two houses being returned to the Council housing stock.

## **10 Annual Report on the Council's Systems of Internal Control 2014-15**

The Committee received Report No 76/15 relating to the adequacy and effectiveness of the Council's systems of internal control for 2014/15.

The remit of the Audit and Standards Committee included a duty to consider the annual report of the Head of Audit, Fraud and Procurement, and to keep the work of Internal Audit under review to ensure that it was able to discharge its functions effectively.

Paragraph 4 of the Report related to the work carried out by Internal Audit during 2014/15 and the Head of Audit, Fraud and Procurement assured Councillors that the audit coverage had been sufficient to enable him to issue an unqualified opinion on the overall adequacy and effectiveness of the Council's control environment.

Resolved:

- 10.1 That the annual Report No 76/15 by the Head of Audit , Fraud and Procurement be noted;
- 10.2 That the overall standards of internal control were satisfactory

during 2014/15;

- 10.3** That the satisfactory opinion on internal control is taken forward into the Council's Annual Governance Statement 2014/15 that is to be published with the Statement of Accounts 2014/15 and presented to the September 2015 meeting of the Committee; and
- 10.4** That the overall standards of the Council's systems of internal control be reported to Cabinet.

## **11 Treasury Management**

The Committee considered Report No 77/15 which set out details of recent Treasury Management activity and the Annual Treasury Management Report 2014/15.

The Council's approved Treasury Strategy Statement required the Committee to review details of Treasury transactions against criteria set out in the Strategy and make observations to Cabinet as appropriate.

The Head of Finance highlighted the following points contained within the Report:

- The table, set out under paragraph 2.4, showed the fixed term deposits held at 31 May 2015 and identified the long-term and short-term credit rating of each counterparty at the date of investment.
- Details of the amounts held in the two Money Market Fund accounts used by the Council were set out under paragraph 2.8
- The Council was now utilising Government Treasury Bills (T-Bills) in order to diversify its range of investments. The table, set out under paragraph 2.7, showed the T-Bills held at 31 May 2015 and activity during the reporting period.

Appendix 1 of the Report set out the Council's Annual Treasury Management Report 2014/2015. The table under section 2.1 of the Annual Report listed the key elements of the 2014/2015 Strategy and recorded actual performance against each one of those elements.

### Resolved:

- 11.1** That it be confirmed to Cabinet that Treasury Management activity between 1 March 2015 and 31 May 2015 had been in accordance with the approved Treasury Strategies for that period;
- 11.2** That the review of the Annual Treasury Management Report for 2014/15, as set out in Appendix 1 of Report No 77/15, be noted; and
- 11.3** That Report No 77/15 be noted.

## 12 Statement of Accounts

The Committee received Report No 78/15 which sought to provide assurance to the Committee that the Council's Statement of Accounts for 2014/15 had been prepared in accordance with statutory requirements and recommended accounting practice.

The Head of Corporate Services explained that the Council's Constitution enabled the Audit and Standards Committee to approve the Annual Statement of Accounts. The Accounts and Audit Regulations 2011 required the Director of Finance to certify by 30 June 2015 that the Statement of Accounts presented fairly the financial position of the Council, in advance of the external audit of those Accounts taking place.

The Accounts and Audit Regulations 2011 specified the framework for the approval and auditing of local authority accounting statements. The requirement was for the responsible financial officer (the Director of Corporate Services) to certify the accounts before 30 June 2015, with no approval required by Councillors at that stage. The external audit would thereafter take place, with a final set of Accounts, including any necessary amendments, being brought to councillors to approve by 30 September 2015, which was the final deadline for publication.

Members of the public would have the right to inspect the Council's accounts and supporting records from 31 July 2015 to 31 July 2015 and would be able to ask the external auditors questions about the accounts from 3 August 2015. The Annual Financial Report would also be available on the Council's website from 30 June 2015.

Resolved:

**12.1** That Report No 77/15 be noted.

## 13 Date of Next Meeting

Resolved:

**13.1** That the next scheduled meeting of the Audit and Standards Committee to be held on Monday 28 September 2015 at 10:00am in the Telscombe Room, Southover House, Southover Road, Lewes be noted.

**All to  
note**

The meeting ended at 5:15pm

Chair